

SENATE BILL No. 606

November 5, 2015, Introduced by Senator SHIRKEY and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 2014 PA 40.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7cc. (1) A principal residence is exempt from the tax
2 levied by a local school district for school operating purposes to
3 the extent provided under section 1211 of the revised school code,
4 1976 PA 451, MCL 380.1211, if an owner of that principal residence
5 claims an exemption as provided in this section. Notwithstanding
6 the tax day provided in section 2, the status of property as a
7 principal residence shall be determined on the date an affidavit
8 claiming an exemption is filed under subsection (2).

9 (2) Except as otherwise provided in subsection (5), an owner
10 of property may claim 1 exemption under this section by filing an
11 affidavit on or before May 1 for taxes levied before January 1,

1 2012 or, for taxes levied after December 31, 2011, on or before
2 June 1 for the immediately succeeding summer tax levy and all
3 subsequent tax levies or on or before November 1 for the
4 immediately succeeding winter tax levy and all subsequent tax
5 levies with the local tax collecting unit in which the property is
6 located. The affidavit shall state that the property is owned and
7 occupied as a principal residence by that owner of the property on
8 the date that the affidavit is signed. The affidavit shall be on a
9 form prescribed by the department of treasury. One copy of the
10 affidavit shall be retained by the owner, 1 copy shall be retained
11 by the local tax collecting unit until any appeal or audit period
12 under this act has expired, and 1 copy shall be forwarded to the
13 department of treasury pursuant to subsection (4), together with
14 all information submitted under subsection (28) for a cooperative
15 housing corporation. The affidavit shall require the owner claiming
16 the exemption to indicate if that owner or that owner's spouse has
17 claimed another exemption on property in this state that is not
18 rescinded or a substantially similar exemption, deduction, or
19 credit on property in another state that is not rescinded. If the
20 affidavit requires an owner to include a social security number,
21 that owner's number is subject to the disclosure restrictions in
22 1941 PA 122, MCL 205.1 to 205.31. If an owner of property filed an
23 affidavit for an exemption under this section before January 1,
24 2004, that affidavit shall be considered the affidavit required
25 under this subsection for a principal residence exemption and that
26 exemption shall remain in effect until rescinded as provided in
27 this section.

1 (3) Except as otherwise provided in subsection (5), a husband
2 and wife who are required to file or who do file a joint Michigan
3 income tax return are entitled to not more than 1 exemption under
4 this section. For taxes levied after December 31, 2002, a person is
5 not entitled to an exemption under this section if any of the
6 following conditions occur:

7 (a) That person has claimed a substantially similar exemption,
8 deduction, or credit on property in another state that is not
9 rescinded.

10 (b) Subject to subdivision (a), that person or his or her
11 spouse owns property in a state other than this state for which
12 that person or his or her spouse claims an exemption, deduction, or
13 credit substantially similar to the exemption provided under this
14 section, unless that person and his or her spouse file separate
15 income tax returns.

16 (c) That person has filed a nonresident Michigan income tax
17 return, except active duty military personnel stationed in this
18 state with his or her principal residence in this state.

19 (d) That person has filed an income tax return in a state
20 other than this state as a resident, except active duty military
21 personnel stationed in this state with his or her principal
22 residence in this state.

23 (e) That person has previously rescinded an exemption under
24 this section for the same property for which an exemption is now
25 claimed and there has not been a transfer of ownership of that
26 property after the previous exemption was rescinded, if either of
27 the following conditions is satisfied:

1 (i) That person has claimed an exemption under this section
2 for any other property for that tax year.

3 (ii) That person has rescinded an exemption under this section
4 on other property, which exemption remains in effect for that tax
5 year, and there has not been a transfer of ownership of that
6 property.

7 (4) Upon receipt of an affidavit filed under subsection (2)
8 and unless the claim is denied under this section, the assessor
9 shall exempt the property from the collection of the tax levied by
10 a local school district for school operating purposes to the extent
11 provided under section 1211 of the revised school code, 1976 PA
12 451, MCL 380.1211, as provided in subsection (1) until December 31
13 of the year in which the property is transferred or, except as
14 otherwise provided in subsection (5), is no longer a principal
15 residence as defined in section 7dd. The local tax collecting unit
16 shall forward copies of affidavits to the department of treasury
17 according to a schedule prescribed by the department of treasury.

18 (5) Except as otherwise provided in this subsection, not more
19 than 90 days after exempted property is no longer used as a
20 principal residence by the owner claiming an exemption, that owner
21 shall rescind the claim of exemption by filing with the local tax
22 collecting unit a rescission form prescribed by the department of
23 treasury. If an owner is eligible for and claims an exemption for
24 that owner's current principal residence, that owner may retain an
25 exemption for not more than 3 tax years on property previously
26 exempt as his or her principal residence if that property is not
27 occupied, is for sale, is not leased, and is not used for any

1 business or commercial purpose by filing a conditional rescission
2 form prescribed by the department of treasury with the local tax
3 collecting unit within the time period prescribed in subsection
4 (2). Beginning in the 2012 tax year, subject to the payment
5 requirement set forth in this subsection, if a land contract
6 vendor, bank, credit union, or other lending institution owns
7 property as a result of a foreclosure or forfeiture of a recorded
8 instrument under chapter 31, 32, or 57 of the revised judicature
9 act of 1961, 1961 PA 236, MCL 600.3101 to 600.3285 and MCL 600.5701
10 to 600.5759, or through deed or conveyance in lieu of a foreclosure
11 or forfeiture on that property and that property had been exempt
12 under this section immediately preceding the foreclosure, that land
13 contract vendor, bank, credit union, or other lending institution
14 may retain an exemption on that property at the same percentage of
15 exemption that the property previously had under this section if
16 that property is not occupied other than by the person who claimed
17 the exemption under this section immediately preceding the
18 foreclosure or forfeiture, is for sale, is not leased to any person
19 other than the person who claimed the exemption under this section
20 immediately preceding the foreclosure, and is not used for any
21 business or commercial purpose. A land contract vendor, bank,
22 credit union, or other lending institution may claim an exemption
23 under this subsection by filing a conditional rescission form
24 prescribed by the department of treasury with the local tax
25 collecting unit within the time period prescribed in subsection
26 (2). Property is eligible for a conditional rescission if that
27 property is available for lease and all other conditions under this

1 subsection are met. A copy of a conditional rescission form shall
2 be forwarded to the department of treasury according to a schedule
3 prescribed by the department of treasury. An owner or a land
4 contract vendor, bank, credit union, or other lending institution
5 that files a conditional rescission form shall annually verify to
6 the assessor of the local tax collecting unit on or before December
7 31 that the property for which the principal residence exemption is
8 retained is not occupied other than by the person who claimed the
9 exemption under this section immediately preceding the foreclosure
10 or forfeiture, is for sale, is not leased except as otherwise
11 provided in this section, and is not used for any business or
12 commercial purpose. The land contract vendor, bank, credit union,
13 or other lending institution may retain the exemption authorized
14 under this section for not more than 3 tax years. If an owner or a
15 land contract vendor, bank, credit union, or other lending
16 institution does not annually verify by December 31 that the
17 property for which the principal residence exemption is retained is
18 not occupied other than by the person who claimed the exemption
19 under this section immediately preceding the foreclosure or
20 forfeiture, is for sale, is not leased except as otherwise provided
21 in this section, and is not used for any business or commercial
22 purpose, the assessor of the local tax collecting unit shall deny
23 the principal residence exemption on that property. Except as
24 otherwise provided in this section, if property subject to a
25 conditional rescission is leased, the local tax collecting unit
26 shall deny that conditional rescission and that denial is
27 retroactive and is effective on December 31 of the year immediately

1 preceding the year in which the property subject to the conditional
2 rescission is leased. An owner who fails to file a rescission as
3 required by this subsection is subject to a penalty of \$5.00 per
4 day for each separate failure beginning after the 90 days have
5 elapsed, up to a maximum of \$200.00. This penalty shall be
6 collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
7 deposited in the state school aid fund established in section 11 of
8 article IX of the state constitution of 1963. This penalty may be
9 waived by the department of treasury. If a land contract vendor,
10 bank, credit union, or other lending institution retains an
11 exemption on property under this subsection, that land contract
12 vendor, bank, credit union, or other lending institution shall pay
13 an amount equal to the additional amount that land contract vendor,
14 bank, credit union, or other lending institution would have paid
15 under section 1211 of the revised school code, 1976 PA 451, MCL
16 380.1211, if an exemption had not been retained on that property,
17 together with an administration fee equal to the property tax
18 administration fee imposed under section 44. The payment required
19 under this subsection shall be collected by the local tax
20 collecting unit at the same time and in the same manner as taxes
21 collected under this act. The administration fee shall be retained
22 by the local tax collecting unit. The amount collected that the
23 land contract vendor, bank, credit union, or other lending
24 institution would have paid under section 1211 of the revised
25 school code, 1976 PA 451, MCL 380.1211, if an exemption had not
26 been retained on that property is an amount that is not captured by
27 any authority as tax increment revenues and shall be distributed to

1 the department of treasury monthly for deposit into the state
2 school aid fund established in section 11 of article IX of the
3 state constitution of 1963. If a land contract vendor, bank, credit
4 union, or other lending institution transfers ownership of property
5 for which an exemption is retained under this subsection, that land
6 contract vendor, bank, credit union, or other lending institution
7 shall rescind the exemption as provided in this section and shall
8 notify the treasurer of the local tax collecting unit of that
9 transfer of ownership. If a land contract vendor, bank, credit
10 union, or other lending institution fails to make the payment
11 required under this subsection for any property within the period
12 for which property taxes are due and payable without penalty, the
13 local tax collecting unit shall deny that conditional rescission
14 and that denial is retroactive and is effective on December 31 of
15 the immediately preceding year. If the local tax collecting unit
16 denies a conditional rescission, the local tax collecting unit
17 shall remove the exemption of the property and the amount due from
18 the land contract vendor, bank, credit union, or other lending
19 institution shall be a tax so that the additional taxes, penalties,
20 and interest shall be collected as provided for in this section. If
21 payment of the tax under this subsection is not made by the March 1
22 following the levy of the tax, the tax shall be turned over to the
23 county treasurer and collected in the same manner as delinquent
24 taxes under this act. ~~A person~~ **AN OWNER OF PROPERTY** who previously
25 occupied **THAT** property as his or her principal residence but now
26 resides in a nursing home or assisted living facility **OR IS**
27 **DEPLOYED OR STATIONED ELSEWHERE FOR ACTIVE DUTY AS A MEMBER OF ANY**

1 **BRANCH OF THE ARMED FORCES OF THE UNITED STATES, INCLUDING THE**
2 **COAST GUARD, A RESERVE COMPONENT OF ANY BRANCH OF THE ARMED FORCES**
3 **OF THE UNITED STATES, OR THE NATIONAL GUARD,** may retain an
4 exemption on that property if the owner manifests an intent to
5 return to that property by satisfying all of the following
6 conditions:

7 (a) The owner continues to own that property while residing in
8 the nursing home or assisted living facility **OR WHILE DEPLOYED OR**
9 **STATIONED ELSEWHERE FOR ACTIVE DUTY.**

10 (b) The owner has not established a new principal residence.

11 (c) The owner maintains or provides for the maintenance of
12 that property while residing in the nursing home or assisted living
13 facility **OR WHILE DEPLOYED OR STATIONED ELSEWHERE FOR ACTIVE DUTY.**

14 (d) That property is not occupied; ~~—~~**EXCEPT AS OTHERWISE**
15 **PROVIDED IN SECTION 7DD(C),** is not leased; ~~—~~and is not used for
16 any business or commercial purpose.

17 (6) Except as otherwise provided in subsection (5), if the
18 assessor of the local tax collecting unit believes that the
19 property for which an exemption is claimed is not the principal
20 residence of the owner claiming the exemption, the assessor may
21 deny a new or existing claim by notifying the owner and the
22 department of treasury in writing of the reason for the denial and
23 advising the owner that the denial may be appealed to the
24 residential and small claims division of the Michigan tax tribunal
25 within 35 days after the date of the notice. The assessor may deny
26 a claim for exemption for the current year and for the 3
27 immediately preceding calendar years. If the assessor denies an

1 existing claim for exemption, the assessor shall remove the
2 exemption of the property and, if the tax roll is in the local tax
3 collecting unit's possession, amend the tax roll to reflect the
4 denial and the local treasurer shall within 30 days of the date of
5 the denial issue a corrected tax bill for any additional taxes with
6 interest at the rate of 1.25% per month or fraction of a month and
7 penalties computed from the date the taxes were last payable
8 without interest or penalty. If the tax roll is in the county
9 treasurer's possession, the tax roll shall be amended to reflect
10 the denial and the county treasurer shall within 30 days of the
11 date of the denial prepare and submit a supplemental tax bill for
12 any additional taxes, together with interest at the rate of 1.25%
13 per month or fraction of a month and penalties computed from the
14 date the taxes were last payable without interest or penalty.
15 Interest on any tax set forth in a corrected or supplemental tax
16 bill shall again begin to accrue 60 days after the date the
17 corrected or supplemental tax bill is issued at the rate of 1.25%
18 per month or fraction of a month. Taxes levied in a corrected or
19 supplemental tax bill shall be returned as delinquent on the March
20 1 in the year immediately succeeding the year in which the
21 corrected or supplemental tax bill is issued. If the assessor
22 denies an existing claim for exemption, the interest due shall be
23 distributed as provided in subsection (25). However, if the
24 property has been transferred to a bona fide purchaser before
25 additional taxes were billed to the seller as a result of the
26 denial of a claim for exemption, the taxes, interest, and penalties
27 shall not be a lien on the property and shall not be billed to the

1 bona fide purchaser, and the local tax collecting unit if the local
2 tax collecting unit has possession of the tax roll or the county
3 treasurer if the county has possession of the tax roll shall notify
4 the department of treasury of the amount of tax due, interest, and
5 penalties through the date of that notification. The department of
6 treasury shall then assess the owner who claimed the exemption
7 under this section for the tax, interest, and penalties accruing as
8 a result of the denial of the claim for exemption, if any, as for
9 unpaid taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and
10 shall deposit any tax or penalty collected into the state school
11 aid fund and shall distribute any interest collected as provided in
12 subsection (25). The denial shall be made on a form prescribed by
13 the department of treasury. If the property for which the assessor
14 has denied a claim for exemption under this subsection is located
15 in a county in which the county treasurer or the county
16 equalization director have elected to audit exemptions under
17 subsection (10), the assessor shall notify the county treasurer or
18 the county equalization director of the denial under this
19 subsection.

20 (7) If the assessor of the local tax collecting unit believes
21 that the property for which the exemption is claimed is not the
22 principal residence of the owner claiming the exemption and has not
23 denied the claim, the assessor shall include a recommendation for
24 denial with any affidavit that is forwarded to the department of
25 treasury or, for an existing claim, shall send a recommendation for
26 denial to the department of treasury, stating the reasons for the
27 recommendation.

1 (8) The department of treasury shall determine if the property
2 is the principal residence of the owner claiming the exemption.
3 Except as otherwise provided in subsection (21), the department of
4 treasury may review the validity of exemptions for the current
5 calendar year and for the 3 immediately preceding calendar years.
6 Except as otherwise provided in subsection (5), if the department
7 of treasury determines that the property is not the principal
8 residence of the owner claiming the exemption, the department shall
9 send a notice of that determination to the local tax collecting
10 unit and to the owner of the property claiming the exemption,
11 indicating that the claim for exemption is denied, stating the
12 reason for the denial, and advising the owner claiming the
13 exemption of the right to appeal the determination to the
14 department of treasury and what those rights of appeal are. The
15 department of treasury may issue a notice denying a claim if an
16 owner fails to respond within 30 days of receipt of a request for
17 information from that department. An owner may appeal the denial of
18 a claim of exemption to the department of treasury within 35 days
19 of receipt of the notice of denial. An appeal to the department of
20 treasury shall be conducted according to the provisions for an
21 informal conference in section 21 of 1941 PA 122, MCL 205.21.
22 Within 10 days after acknowledging an appeal of a denial of a claim
23 of exemption, the department of treasury shall notify the assessor
24 and the treasurer for the county in which the property is located
25 that an appeal has been filed. Upon receipt of a notice that the
26 department of treasury has denied a claim for exemption, the
27 assessor shall remove the exemption of the property and, if the tax

1 roll is in the local tax collecting unit's possession, amend the
2 tax roll to reflect the denial and the local treasurer shall within
3 30 days of the date of the denial issue a corrected tax bill for
4 any additional taxes with interest at the rate of 1.25% per month
5 or fraction of a month and penalties computed from the date the
6 taxes were last payable without interest and penalty. If the tax
7 roll is in the county treasurer's possession, the tax roll shall be
8 amended to reflect the denial and the county treasurer shall within
9 30 days of the date of the denial prepare and submit a supplemental
10 tax bill for any additional taxes, together with interest at the
11 rate of 1.25% per month or fraction of a month and penalties
12 computed from the date the taxes were last payable without interest
13 or penalty. Interest on any tax set forth in a corrected or
14 supplemental tax bill shall again begin to accrue 60 days after the
15 date the corrected or supplemental tax bill is issued at the rate
16 of 1.25% per month or fraction of a month. The department of
17 treasury may waive interest on any tax set forth in a corrected or
18 supplemental tax bill for the current tax year and the immediately
19 preceding 3 tax years if the assessor of the local tax collecting
20 unit files with the department of treasury a sworn affidavit in a
21 form prescribed by the department of treasury stating that the tax
22 set forth in the corrected or supplemental tax bill is a result of
23 the assessor's classification error or other error or the
24 assessor's failure to rescind the exemption after the owner
25 requested in writing that the exemption be rescinded. Taxes levied
26 in a corrected or supplemental tax bill shall be returned as
27 delinquent on the March 1 in the year immediately succeeding the

1 year in which the corrected or supplemental tax bill is issued. If
2 the department of treasury denies an existing claim for exemption,
3 the interest due shall be distributed as provided in subsection
4 (25). However, if the property has been transferred to a bona fide
5 purchaser before additional taxes were billed to the seller as a
6 result of the denial of a claim for exemption, the taxes, interest,
7 and penalties shall not be a lien on the property and shall not be
8 billed to the bona fide purchaser, and the local tax collecting
9 unit if the local tax collecting unit has possession of the tax
10 roll or the county treasurer if the county has possession of the
11 tax roll shall notify the department of treasury of the amount of
12 tax due and interest through the date of that notification. The
13 department of treasury shall then assess the owner who claimed the
14 exemption under this section for the tax and interest plus penalty
15 accruing as a result of the denial of the claim for exemption, if
16 any, as for unpaid taxes provided under 1941 PA 122, MCL 205.1 to
17 205.31, and shall deposit any tax or penalty collected into the
18 state school aid fund and shall distribute any interest collected
19 as provided in subsection (25).

20 (9) The department of treasury may enter into an agreement
21 regarding the implementation or administration of subsection (8)
22 with the assessor of any local tax collecting unit in a county that
23 has not elected to audit exemptions claimed under this section as
24 provided in subsection (10). The agreement may specify that for a
25 period of time, not to exceed 120 days, the department of treasury
26 will not deny an exemption identified by the department of treasury
27 in the list provided under subsection (11).

(10) A county may elect to audit the exemptions claimed under this section in all local tax collecting units located in that county as provided in this subsection. The election to audit exemptions shall be made by the county treasurer, or by the county equalization director with the concurrence by resolution of the county board of commissioners. The initial election to audit exemptions shall require an audit period of 2 years. Before 2009, subsequent elections to audit exemptions shall be made every 2 years and shall require 2 annual audit periods. Beginning in 2009, an election to audit exemptions shall be made every 5 years and shall require 5 annual audit periods. An election to audit exemptions shall be made by submitting an election to audit form to the assessor of each local tax collecting unit in that county and to the department of treasury not later than April 1 preceding the October 1 in the year in which an election to audit is made. The election to audit form required under this subsection shall be in a form prescribed by the department of treasury. If a county elects to audit the exemptions claimed under this section, the department of treasury may continue to review the validity of exemptions as provided in subsection (8). If a county does not elect to audit the exemptions claimed under this section as provided in this subsection, the department of treasury shall conduct an audit of exemptions claimed under this section in the initial 2-year audit period for each local tax collecting unit in that county unless the department of treasury has entered into an agreement with the assessor for that local tax collecting unit under subsection (9).

(11) If a county elects to audit the exemptions claimed under

1 this section as provided in subsection (10) and the county
2 treasurer or his or her designee or the county equalization
3 director or his or her designee believes that the property for
4 which an exemption is claimed is not the principal residence of the
5 owner claiming the exemption, the county treasurer or his or her
6 designee or the county equalization director or his or her designee
7 may, except as otherwise provided in subsection (5), deny an
8 existing claim by notifying the owner, the assessor of the local
9 tax collecting unit, and the department of treasury in writing of
10 the reason for the denial and advising the owner that the denial
11 may be appealed to the residential and small claims division of the
12 Michigan tax tribunal within 35 days after the date of the notice.
13 The county treasurer or his or her designee or the county
14 equalization director or his or her designee may deny a claim for
15 exemption for the current year and for the 3 immediately preceding
16 calendar years. If the county treasurer or his or her designee or
17 the county equalization director or his or her designee denies an
18 existing claim for exemption, the county treasurer or his or her
19 designee or the county equalization director or his or her designee
20 shall direct the assessor of the local tax collecting unit in which
21 the property is located to remove the exemption of the property
22 from the assessment roll and, if the tax roll is in the local tax
23 collecting unit's possession, direct the assessor of the local tax
24 collecting unit to amend the tax roll to reflect the denial and the
25 treasurer of the local tax collecting unit shall within 30 days of
26 the date of the denial issue a corrected tax bill for any
27 additional taxes with interest at the rate of 1.25% per month or

1 fraction of a month and penalties computed from the date the taxes
2 were last payable without interest and penalty. If the tax roll is
3 in the county treasurer's possession, the tax roll shall be amended
4 to reflect the denial and the county treasurer shall within 30 days
5 of the date of the denial prepare and submit a supplemental tax
6 bill for any additional taxes, together with interest at the rate
7 of 1.25% per month or fraction of a month and penalties computed
8 from the date the taxes were last payable without interest or
9 penalty. Interest on any tax set forth in a corrected or
10 supplemental tax bill shall again begin to accrue 60 days after the
11 date the corrected or supplemental tax bill is issued at the rate
12 of 1.25% per month or fraction of a month. Taxes levied in a
13 corrected or supplemental tax bill shall be returned as delinquent
14 on the March 1 in the year immediately succeeding the year in which
15 the corrected or supplemental tax bill is issued. If the county
16 treasurer or his or her designee or the county equalization
17 director or his or her designee denies an existing claim for
18 exemption, the interest due shall be distributed as provided in
19 subsection (25). However, if the property has been transferred to a
20 bona fide purchaser before additional taxes were billed to the
21 seller as a result of the denial of a claim for exemption, the
22 taxes, interest, and penalties shall not be a lien on the property
23 and shall not be billed to the bona fide purchaser, and the local
24 tax collecting unit if the local tax collecting unit has possession
25 of the tax roll or the county treasurer if the county has
26 possession of the tax roll shall notify the department of treasury
27 of the amount of tax due and interest through the date of that

1 notification. The department of treasury shall then assess the
2 owner who claimed the exemption under this section for the tax and
3 interest plus penalty accruing as a result of the denial of the
4 claim for exemption, if any, as for unpaid taxes provided under
5 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
6 penalty collected into the state school aid fund and shall
7 distribute any interest collected as provided in subsection (25).
8 The department of treasury shall annually provide the county
9 treasurer or his or her designee or the county equalization
10 director or his or her designee a list of parcels of property
11 located in that county for which an exemption may be erroneously
12 claimed. The county treasurer or his or her designee or the county
13 equalization director or his or her designee shall forward copies
14 of the list provided by the department of treasury to each assessor
15 in each local tax collecting unit in that county within 10 days of
16 receiving the list.

17 (12) If a county elects to audit exemptions claimed under this
18 section as provided in subsection (10), the county treasurer or the
19 county equalization director may enter into an agreement with the
20 assessor of a local tax collecting unit in that county regarding
21 the implementation or administration of this section. The agreement
22 may specify that for a period of time, not to exceed 120 days, the
23 county will not deny an exemption identified by the department of
24 treasury in the list provided under subsection (11).

25 (13) An owner may appeal a denial by the assessor of the local
26 tax collecting unit under subsection (6), a final decision of the
27 department of treasury under subsection (8), or a denial by the

1 county treasurer or his or her designee or the county equalization
2 director or his or her designee under subsection (11) to the
3 residential and small claims division of the Michigan tax tribunal
4 within 35 days of that decision. An owner is not required to pay
5 the amount of tax in dispute in order to appeal a denial of a claim
6 of exemption to the department of treasury or to receive a final
7 determination of the residential and small claims division of the
8 Michigan tax tribunal. However, interest at the rate of 1.25% per
9 month or fraction of a month and penalties shall accrue and be
10 computed from the date the taxes were last payable without interest
11 and penalty. If the residential and small claims division of the
12 Michigan tax tribunal grants an owner's appeal of a denial and that
13 owner has paid the interest due as a result of a denial under
14 subsection (6), (8), or (11), the interest received after a
15 distribution was made under subsection (25) shall be refunded.

16 (14) For taxes levied after December 31, 2005, for each county
17 in which the county treasurer or the county equalization director
18 does not elect to audit the exemptions claimed under this section
19 as provided in subsection (10), the department of treasury shall
20 conduct an annual audit of exemptions claimed under this section
21 for the current calendar year.

22 (15) Except as otherwise provided in subsection (5), an
23 affidavit filed by an owner for the exemption under this section
24 rescinds all previous exemptions filed by that owner for any other
25 property. The department of treasury shall notify the assessor of
26 the local tax collecting unit in which the property for which a
27 previous exemption was claimed is located if the previous exemption

1 is rescinded by the subsequent affidavit. When an exemption is
2 rescinded, the assessor of the local tax collecting unit shall
3 remove the exemption effective December 31 of the year in which the
4 affidavit was filed that rescinded the exemption. For any year for
5 which the rescinded exemption has not been removed from the tax
6 roll, the exemption shall be denied as provided in this section.
7 However, interest and penalty shall not be imposed for a year for
8 which a rescission form has been timely filed under subsection (5).

9 (16) Except as otherwise provided in subsection (30), if the
10 principal residence is part of a unit in a multiple-unit dwelling
11 or a dwelling unit in a multiple-purpose structure, an owner shall
12 claim an exemption for only that portion of the total taxable value
13 of the property used as the principal residence of that owner in a
14 manner prescribed by the department of treasury. If a portion of a
15 parcel for which the owner claims an exemption is used for a
16 purpose other than as a principal residence, the owner shall claim
17 an exemption for only that portion of the taxable value of the
18 property used as the principal residence of that owner in a manner
19 prescribed by the department of treasury.

20 (17) When a county register of deeds records a transfer of
21 ownership of a property, he or she shall notify the local tax
22 collecting unit in which the property is located of the transfer.

23 (18) The department of treasury shall make available the
24 affidavit forms and the forms to rescind an exemption, which may be
25 on the same form, to all city and township assessors, county
26 equalization officers, county registers of deeds, and closing
27 agents. A person who prepares a closing statement for the sale of

1 property shall provide affidavit and rescission forms to the buyer
2 and seller at the closing and, if requested by the buyer or seller
3 after execution by the buyer or seller, shall file the forms with
4 the local tax collecting unit in which the property is located. If
5 a closing statement preparer fails to provide exemption affidavit
6 and rescission forms to the buyer and seller, or fails to file the
7 affidavit and rescission forms with the local tax collecting unit
8 if requested by the buyer or seller, the buyer may appeal to the
9 department of treasury within 30 days of notice to the buyer that
10 an exemption was not recorded. If the department of treasury
11 determines that the buyer qualifies for the exemption, the
12 department of treasury shall notify the assessor of the local tax
13 collecting unit that the exemption is granted and the assessor of
14 the local tax collecting unit or, if the tax roll is in the
15 possession of the county treasurer, the county treasurer shall
16 correct the tax roll to reflect the exemption. This subsection does
17 not create a cause of action at law or in equity against a closing
18 statement preparer who fails to provide exemption affidavit and
19 rescission forms to a buyer and seller or who fails to file the
20 affidavit and rescission forms with the local tax collecting unit
21 when requested to do so by the buyer or seller.

22 (19) An owner who owned and occupied a principal residence on
23 May 1 for taxes levied before January 1, 2012 for which the
24 exemption was not on the tax roll may file an appeal with the July
25 board of review or December board of review in the year for which
26 the exemption was claimed or the immediately succeeding 3 years.
27 For taxes levied after December 31, 2011, an owner who owned and

1 occupied a principal residence on June 1 or November 1 for which
2 the exemption was not on the tax roll may file an appeal with the
3 July board of review or December board of review in the year for
4 which the exemption was claimed or the immediately succeeding 3
5 years. If an appeal of a claim for exemption that was not on the
6 tax roll is received not later than 5 days ~~prior to~~ **BEFORE** the date
7 of the December board of review, the local tax collecting unit
8 shall convene a December board of review and consider the appeal
9 pursuant to this section and section 53b.

10 (20) An owner who owned and occupied a principal residence
11 within the time period prescribed in subsection (2) in any year
12 before the 3 immediately preceding tax years for which the
13 exemption was not on the tax roll as a result of a qualified error
14 on the part of the local tax collecting unit may file a request for
15 the exemption for those tax years with the department of treasury.
16 The request for the exemption shall be in a form prescribed by the
17 department of treasury and shall include all documentation the
18 department of treasury considers necessary to consider the request
19 and to correct any affected official records if a qualified error
20 on the part of the local tax collecting unit is recognized and an
21 exemption is granted. If the department of treasury denies a
22 request for the exemption under this subsection, the owner is
23 responsible for all costs related to the request as determined by
24 the department of treasury. If the department of treasury grants a
25 request for the exemption under this subsection and the exemption
26 results in an overpayment of the tax in the years under
27 consideration, the department of treasury shall notify the

1 treasurer of the local tax collecting unit, the county treasurer,
2 and other affected officials of the error and the granting of the
3 request for the exemption and all affected official records shall
4 be corrected consistent with guidance provided by the department of
5 treasury. If granting the request for the exemption results in an
6 overpayment, a rebate, including any interest paid by the owner,
7 shall be paid to the owner within 30 days of the receipt of the
8 notice. A rebate shall be without interest. The treasurer in
9 possession of the appropriate tax roll may deduct the rebate from
10 the appropriate tax collecting unit's subsequent distribution of
11 taxes. The treasurer in possession of the appropriate tax roll
12 shall bill to the appropriate tax collecting unit the tax
13 collecting unit's share of taxes rebated. A local tax collecting
14 unit responsible for a qualified error under this subsection shall
15 reimburse each county treasurer and other affected local official
16 required to correct official records under this subsection for the
17 costs incurred in complying with this subsection.

18 (21) If an owner of property received a principal residence
19 exemption to which that owner was not entitled in any year before
20 the 3 immediately preceding tax years, as a result of a qualified
21 error on the part of the local tax collecting unit, the department
22 of treasury may deny the principal residence exemption as provided
23 in subsection (8). If the department of treasury denies an
24 exemption under this subsection, the owner shall be issued a
25 corrected or supplemental tax bill as provided in subsection (8),
26 except interest shall not accrue until 60 days after the date the
27 corrected or supplemental tax bill is issued. A local tax

1 collecting unit responsible for a qualified error under this
2 subsection shall reimburse each county treasurer and other affected
3 local official required to correct official records under this
4 subsection for the costs incurred in complying with this
5 subsection.

6 (22) If the assessor or treasurer of the local tax collecting
7 unit believes that the department of treasury erroneously denied a
8 claim for exemption, the assessor or treasurer may submit written
9 information supporting the owner's claim for exemption to the
10 department of treasury within 35 days of the owner's receipt of the
11 notice denying the claim for exemption. If, after reviewing the
12 information provided, the department of treasury determines that
13 the claim for exemption was erroneously denied, the department of
14 treasury shall grant the exemption and the tax roll shall be
15 amended to reflect the exemption.

16 (23) If granting the exemption under this section results in
17 an overpayment of the tax, a rebate, including any interest paid,
18 shall be made to the taxpayer by the local tax collecting unit if
19 the local tax collecting unit has possession of the tax roll or by
20 the county treasurer if the county has possession of the tax roll
21 within 30 days of the date the exemption is granted. The rebate
22 shall be without interest. If an exemption for property classified
23 as timber-cutover real property is granted under this section for
24 the 2008 or 2009 tax year, the tax roll shall be corrected and any
25 delinquent and unpaid penalty, interest, and tax resulting from
26 that property not having been exempt under this section for the
27 2008 or 2009 tax year shall be waived.

1 (24) If an exemption under this section is erroneously granted
2 for an affidavit filed before October 1, 2003, an owner may request
3 in writing that the department of treasury withdraw the exemption.
4 The request to withdraw the exemption shall be received not later
5 than November 1, 2003. If an owner requests that an exemption be
6 withdrawn, the department of treasury shall issue an order
7 notifying the local assessor that the exemption issued under this
8 section has been denied based on the owner's request. If an
9 exemption is withdrawn, the property that had been subject to that
10 exemption shall be immediately placed on the tax roll by the local
11 tax collecting unit if the local tax collecting unit has possession
12 of the tax roll or by the county treasurer if the county has
13 possession of the tax roll as though the exemption had not been
14 granted. A corrected tax bill shall be issued for the tax year
15 being adjusted by the local tax collecting unit if the local tax
16 collecting unit has possession of the tax roll or by the county
17 treasurer if the county has possession of the tax roll. Unless a
18 denial has been issued ~~prior to~~ **BEFORE** July 1, 2003, if an owner
19 requests that an exemption under this section be withdrawn and that
20 owner pays the corrected tax bill issued under this subsection
21 within 30 days after the corrected tax bill is issued, that owner
22 is not liable for any penalty or interest on the additional tax. An
23 owner who pays a corrected tax bill issued under this subsection
24 more than 30 days after the corrected tax bill is issued is liable
25 for the penalties and interest that would have accrued if the
26 exemption had not been granted from the date the taxes were
27 originally levied.

1 (25) Subject to subsection (26), interest at the rate of 1.25%
2 per month or fraction of a month collected under subsection (6),
3 (8), or (11) shall be distributed as follows:

4 (a) If the assessor of the local tax collecting unit denies
5 the exemption under this section, as follows:

6 (i) To the local tax collecting unit, 70%.

7 (ii) To the department of treasury, 10%.

8 (iii) To the county in which the property is located, 20%.

9 (b) If the department of treasury denies the exemption under
10 this section, as follows:

11 (i) To the local tax collecting unit, 20%.

12 (ii) To the department of treasury, 70%.

13 (iii) To the county in which the property is located, 10%.

14 (c) If the county treasurer or his or her designee or the
15 county equalization director or his or her designee denies the
16 exemption under this section, as follows:

17 (i) To the local tax collecting unit, 20%.

18 (ii) To the department of treasury, 10%.

19 (iii) To the county in which the property is located, 70%.

20 (26) Interest distributed under subsection (25) is subject to
21 the following conditions:

22 (a) Interest distributed to a county shall be deposited into a
23 restricted fund to be used solely for the administration of
24 exemptions under this section. Money in that restricted fund shall
25 lapse to the county general fund on the December 31 in the year 3
26 years after the first distribution of interest to the county under
27 subsection (25) and on each succeeding December 31 thereafter.

1 (b) Interest distributed to the department of treasury shall
2 be deposited into the principal residence property tax exemption
3 audit fund, which is created within the state treasury. The state
4 treasurer may receive money or other assets from any source for
5 deposit into the fund. The state treasurer shall direct the
6 investment of the fund. The state treasurer shall credit to the
7 fund interest and earnings from fund investments. Money in the fund
8 shall be considered a work project account and at the close of the
9 fiscal year shall remain in the fund and shall not lapse to the
10 general fund. Money from the fund shall be expended, upon
11 appropriation, only for the purpose of auditing exemption
12 affidavits.

13 (27) Interest distributed under subsection (25) is in addition
14 to and shall not affect the levy or collection of the county
15 property tax administration fee established under this act.

16 (28) A cooperative housing corporation is entitled to a full
17 or partial exemption under this section for the tax year in which
18 the cooperative housing corporation files all of the following with
19 the local tax collecting unit in which the cooperative housing
20 corporation is located if filed within the time period prescribed
21 in subsection (2):

22 (a) An affidavit form.

23 (b) A statement of the total number of units owned by the
24 cooperative housing corporation and occupied as the principal
25 residence of a tenant stockholder as of the date of the filing
26 under this subsection.

27 (c) A list that includes the name, address, and social

1 security number of each tenant stockholder of the cooperative
2 housing corporation occupying a unit in the cooperative housing
3 corporation as his or her principal residence as of the date of the
4 filing under this subsection.

5 (d) A statement of the total number of units of the
6 cooperative housing corporation on which an exemption under this
7 section was claimed and that were transferred in the tax year
8 immediately preceding the tax year in which the filing under this
9 section was made.

10 (29) Before May 1, 2004 and before May 1, 2005, the treasurer
11 of each county shall forward to the department of education a
12 statement of the taxable value of each school district and fraction
13 of a school district within the county for the preceding 4 calendar
14 years. This requirement is in addition to the requirement set forth
15 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
16 388.1751.

17 (30) For a parcel of property open and available for use as a
18 bed and breakfast, the portion of the taxable value of the property
19 used as a principal residence under subsection (16) shall be
20 calculated in the following manner:

21 (a) Add all of the following:

22 (i) The square footage of the property used exclusively as
23 that owner's principal residence.

24 (ii) 50% of the square footage of the property's common area.

25 (iii) If the property was not open and available for use as a
26 bed and breakfast for 90 or more consecutive days in the
27 immediately preceding 12-month period, the result of the following

1 calculation:

2 (A) Add the square footage of the property that is open and
3 available regularly and exclusively as a bed and breakfast, and 50%
4 of the square footage of the property's common area.

5 (B) Multiply the result of the calculation in sub-subparagraph
6 (A) by a fraction, the numerator of which is the number of
7 consecutive days in the immediately preceding 12-month period that
8 the property was not open and available for use as a bed and
9 breakfast and the denominator of which is 365.

10 (b) Divide the result of the calculation in subdivision (a) by
11 the total square footage of the property.

12 (31) The owner claiming an exemption under this section for
13 property open and available as a bed and breakfast shall file an
14 affidavit claiming the exemption within the time period prescribed
15 in subsection (2) with the local tax collecting unit in which the
16 property is located. The affidavit shall be in a form prescribed by
17 the department of treasury.

18 (32) As used in this section:

19 (a) "Bed and breakfast" means property classified as
20 residential real property under section 34c that meets all of the
21 following criteria:

22 (i) Has 10 or fewer sleeping rooms, including sleeping rooms
23 occupied by the owner of the property, 1 or more of which are
24 available for rent to transient tenants.

25 (ii) Serves meals at no extra cost to its transient tenants.

26 (iii) Has a smoke detector in proper working order in each
27 sleeping room and a fire extinguisher in proper working order on

1 each floor.

2 (b) "Common area" includes, but is not limited to, a kitchen,
3 dining room, living room, fitness room, porch, hallway, laundry
4 room, or bathroom that is available for use by guests of a bed and
5 breakfast or, unless guests are specifically prohibited from access
6 to the area, an area that is used to provide a service to guests of
7 a bed and breakfast.

8 (c) "Qualified error" means that term as defined in section
9 53b.